



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

May 15, 2025

OIG-CA-25-043

MEMORANDUM FOR RODNEY E. HOOD
ACTING COMPTROLLER OF THE CURRENCY

FROM: Pauletta P. Battle /s/
Acting Assistant Inspector General for Audit

SUBJECT: Termination Memorandum – Audit of the Office of the
Comptroller of the Currency’s Supervision of Federal
Branches and Agencies of Foreign Banks
(Job # A-BS-16-040)

In April 2016, we initiated an audit of the Office of the Comptroller of the Currency’s (OCC) oversight of foreign banking organizations¹ (FBO) operating in the United States. The objective of our audit was to assess OCC’s supervision of federal branches and agencies of foreign banks. The scope of our audit included OCC Bank Secrecy Act/Anti-Money Laundering (BSA/AML) examinations of federal branches and agencies of FBOs conducted in fiscal years (FY) 2015 and 2016.

To accomplish our objective, we reviewed BSA/AML laws and regulations; reviewed OCC Comptroller’s Handbook booklets;² reviewed the *Federal Financial Institutions Examination Council*³ (FFIEC) *BSA/AML Examination Manual*; reviewed policies and procedures related to OCC’s BSA/AML examination process; reviewed OCC policies and procedures; and conducted interviews with OCC officials and staff from the International Banking Supervision (IBS) Division which is responsible for the federal branches and agencies of FBOs supervision program. Finally, we

¹ According to OCC booklet, *Federal Branches and Agencies Supervision* (September 2014), a foreign banking organization is a foreign bank that conducts commercial banking operations in the United States.

² Comptroller handbook booklets are prepared for use by OCC examiners in connection with their examinations and supervision of various banking organizations. Individual booklets provide guidance to examiners on various topics and include information for examiners to consider when conducting examinations.

³ The FFIEC Council is a formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, OCC, and the Consumer Financial Protection Bureau, and to make recommendations to promote uniformity in the supervision of financial institutions.

selected a non-statistical sample of FBOs and reviewed IBS's supervisory and examination documentation which included Reports of Examinations, Conclusion Memorandums, and supporting work papers.

During our audit, we observed that IBS examinations of selected FBOs were conducted in accordance with existing OCC and FFIEC guidance in effect during the scope period. We also noted that examination work papers did not include documented evidence of supervisory review as required by OCC policy in effect at the time the examinations were conducted. However, due to the passage of time and substantial changes in OCC and FFIEC guidance, and OCC policies, we believe continuing our audit would not significantly enhance IBS's supervision of FBOs. Accordingly, we are terminating this audit. Please note that *Audit of the OCC's Supervision of Federal Branches and Agencies of Foreign Banks* (job code A-BS-16-040) will be removed from our Monthly Status Report.

We appreciate the courtesies and assistance provided by your staff. If you have any questions, please contact me at (202) 927-5400 or Anne Halamar, Acting Audit Director, at (202) 270-2249.

cc: Frank Spasoff, External Governance and Ombudsman, Office of the
Comptroller of the Currency